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C O R R E C T E D C O P Y (ADDED SENSITIVE TO SLUG LINE)

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SUBJECT: COMPROMISE REACHED: GOVERNMENT DOWNSIZING BILL SET TO PASS

¶1. (SBU) SUMMARY: On February 20 the United Democratic Party (UDP) and the Grand National Party (GNP) broke a month-long deadlock and came to a compromise on Lee Myung-bak's government reform plan. The compromise includes the survival of the Unification and Gender Equality Ministries. The reform bill is expected to pass the National Assembly plenary on February 21 or 22, but this still does not give the National Assembly enough time to hold hearings and approve Lee Myung-bak's cabinet nominees in advance of his inauguration on February 25. Roh's cabinet will instead remain in office until the new ministers are through the confirmation process, which could be late next week. Both sides are, of course, blaming each other for the mess. True, UDP's 146 seats out of 299 (compared to 130 for the GNP) allowed them to block the reform bill, and drag out negotiations. Still, many are faulting Lee Myung-bak for putting forward an overly aggressive reform proposal before the inauguration. On balance, the UDP comes out on top by having stood up to Lee, who now must stagger through the first days of his term with the Roh cabinet, rather than take off as anticipated at the helm of a streamlined Administration. End Summary.

¶2. (SBU) UDP leader Sohn Hak-kyu changed his position February 20 and announced in a press conference that his party would accept the GNP's request to close the Maritime Affairs Ministry, paving the way for National Assembly approval of the proposed cabinet restructuring bill. President-elect Lee's original government reorganization plan would have downsized the current 18 ministries to 13. In the face of strong UDP opposition, the GNP agreed to retain the Ministry of Unification and the Ministry of Gender Equality and Family but refused to compromise further. Sohn's announcement comes after Lee had pulled the plug on negotiations thereby calling the UDP's bluff. The UDP was left with little choice but to acquiesce or be seen as an obstacle to the incoming president's reform agenda.

Experts Weigh In

¶3. (SBU) Political consultant Jeong Chan-soo told poloff the negotiations over the reform bill showed Lee still had much to learn in dealing with the National Assembly. The reality, Jeong noted, was that the National Assembly had as much as the Blue House and Lee must realize this or he will be stymied time and again in attempts to push through his projects. Rather than force a showdown over controversial proposals, as he did with the reform plan, Lee should instead learn to explain and convince the National Assembly. Some other experts like Professor Jaung Hoon said in press reports that the result showed Lee Myung-bak's resolve to change the government despite the UDP's upper hand in the Assembly but admitted that it did show that Lee should further develop his ability to convince detractors. Overall, many pundits agreed the process was more about jockeying for the April 9 National Assembly elections than about what form the Cabinet should take. Both Lee and the UDP did not spend sufficient time explaining why their plan was the best; the result was other than those directly affected, there was no large outcry one way or the other about the cabinet reorganization plan.

Double Cabinet For a While

¶4. (SBU) Debate over the restructuring legislation delayed the president-elect's announcement of his cabinet nominees, making it virtually impossible for the new cabinet to take office by the inauguration on February 25, even if the National Assembly expedites the process. The schedule: Plenary vote on the government restructuring bill on February 21 or 22; bill sent to the administration; approval/promulgation by the incumbent government; Transition Team then requests confirmation hearings; and finally, hearings by the relevant committees. At the earliest, the hearings would start February 27 since the Confirmation Hearing Act stipulates that all requests to nominees for hearing materials should be made five days prior to the actual hearing. Even with speedy hearings, most incumbent

Cabinet ministers will remain in office for one week to ten days after the inauguration. While this will be awkward, it will not be unprecedented. This year would have been the first year the cabinet could have taken office the same time as the president due to a 2006 law change allowing hearings for ministers during the transition.

Roh's Role

¶5. (SBU) President Roh seems to be doing his part to facilitate a smooth transition. Following a surprising February 18 meeting between the incumbent and incoming presidents, the two sides announced that they would not accept the resignations of incumbent ministers until the new ones were appointed in order to prevent a vacuum in state affairs. (NOTE: Previous administrations have also had to retain ministers for a few days due to delays in forming a new cabinet.) Given the UDP's support of the retooled restructuring plan, Roh, who initially said he might veto the reorganization plan, will back down from his earlier opposition and sign the bill when it comes for his signature.

Comment

¶6. (SBU) Failure to have a cabinet in place by inauguration is a setback for the Lee Myung-bak presidency, but likely only in the short term. It is less than ideal to have to work with Roh's ministers for the first week or two of his administration, but the encounter will be pro forma and minimal. The consensus view from the pundits is that Lee must learn to effectively explain his policy initiatives and manage relations with the National Assembly if he wants to push through any reforms.

VERSHBOW